



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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22 SEPTEMBER 1966

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DAILY BRIEF
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1. Soviet Union

The Soviets are continuing their gradual build-up of military forces on the Chinese border. [REDACTED]

[REDACTED] another Soviet regiment has been moved to the Manchurian frontier.

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A review of both Soviet and Chinese military dispositions along the border is at Annex.

2. United Kingdom

There are presently good grounds for hope that Wilson's economic measures will bring about short-run stabilization of the economy and result in a balance-of-payments surplus next year. The London financial community and a large segment of business people there are confident of this. The bankers--reassured by the recent increase in credits from the Federal Reserve--say sterling is now safe for another six months.

Wilson must recognize that the tough political job of sticking by his short-run stabilization goals will be at longer term cost of a cutback in private investment and the postponement of economic growth.

3. France

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4. Iran

The Shah is now talking of developing Eastern Europe into a "significant" market for Iranian oil. [REDACTED]

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This scheme is the economic side of the Shah's ambition to demonstrate his "independence" of the US. The growing consumption of petroleum products in Eastern Europe gives the Shah's idea some basis.

Before it can work, however, the Shah's government will have to get its hand on more of the oil produced in Iran.

5. Communist China

The turmoil in the educational system has forced China to send all foreign students home. The Chinese minister of higher education explained [REDACTED]

[REDACTED] yesterday that this is necessary since the professors will be devoting "all their efforts" to the "cultural revolution." He said that the students can return after a year.

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The decision must have been a last minute one. Classes normally begin in early September. This suggests that considerable uncertainty has existed in Peking over the duration of the current campaign to "purify" the party.

There are probably fewer than a thousand foreign students following academic courses in China now. The number has dropped sharply in recent years.

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6. South Korea

Today was a bizarre one in Seoul. The prime minister and his cabinet were driven out of the national assembly by a fireballing opposition member during a full dress session. Shouting "this is what I think of you," he hurled a full can of human excrement at the leadership. He hit his targets who, following repairs and perfuming, resigned.

Actually, the episode was an outgrowth of the publicity being given a big smuggling scandal involving some members of the government, the country's biggest business combine, and Japanese interests.

this time the opposition may make some headway in convincing the public that it deserves something better. Mass protest rallies are being scheduled.

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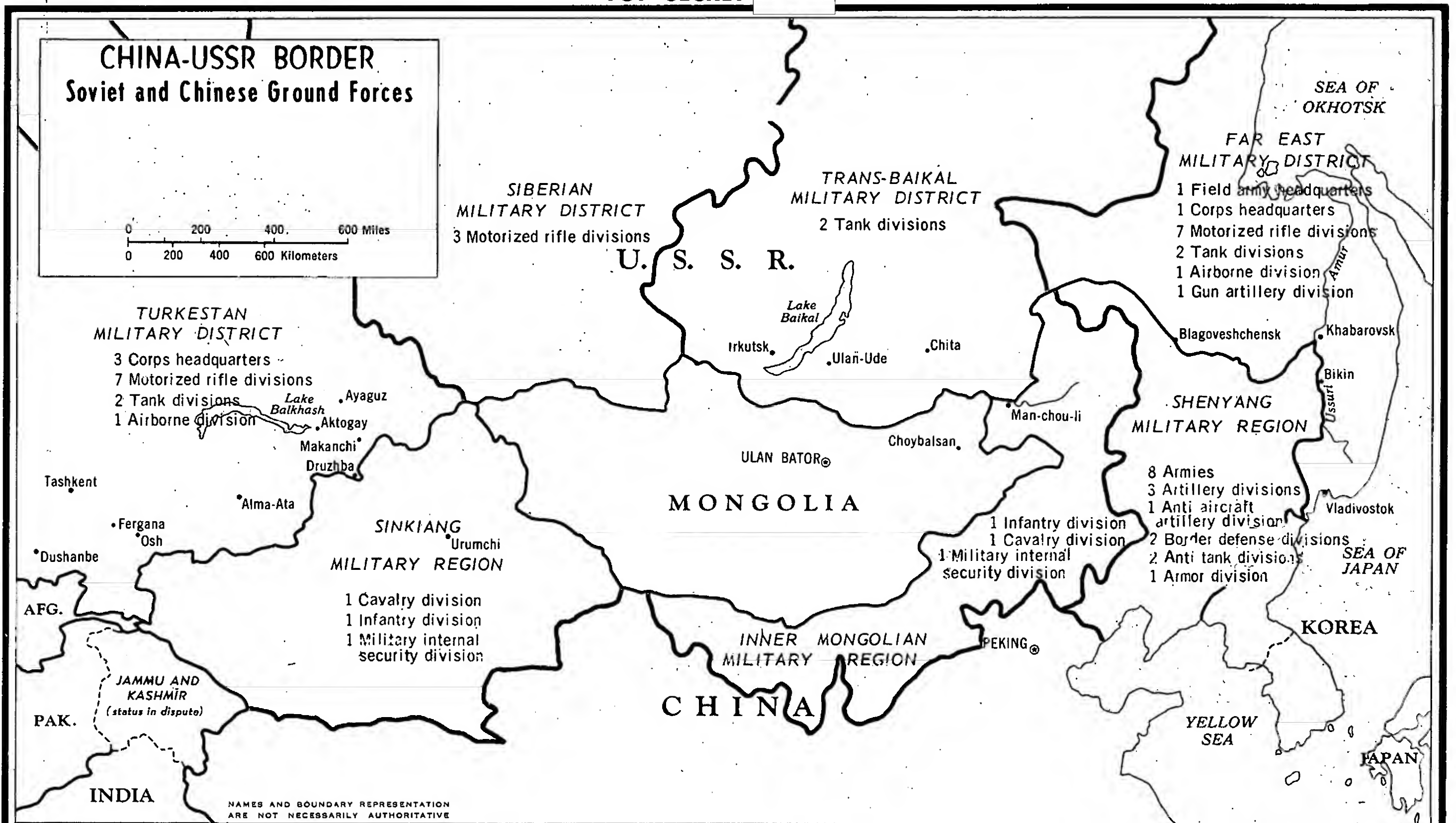
President Pak hopes to keep the lid on by promising a full investigation and by focusing attention on today's incident in the legislature. It is clear, though, that the government has been badly shaken by the strength of public reaction to the scandals.

7. North Vietnam

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ANNEX

Military Dispositions Along the Sino-Soviet Border

Military dispositions on both sides of the Sino-Soviet border have mirrored the worsening relations between Moscow and Peking over the past six years. Although the posture of both sides is not the kind that would be taken if hostilities were imminent, their frontiers have gradually come to resemble the boundaries between two hostile camps.

Until 1960 the area along the Turkestan-Sinkiang border, for instance, had been almost without defenses. Over the next five years, however, the Soviets brought in an airborne division and at least two other regimental-size units. Later they transferred an army corps headquarters from the Afghan border to the Sinkiang border and are now apparently bringing the corps up to the standard three-division strength.

Farther east, in Mongolia, the Soviet presence has also grown markedly--mostly in the past two years.

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Still farther east, on the Manchurian border, the Russians have put their emphasis on reorganizing and beefing up their border guard units. Some 75,000 of these elite troops are now stationed there--providing a sizable auxiliary to the regular ground forces. These latter forces are made up of an army and a corps headquarters, seven motorized divisions, and three other miscellaneous division-size components.

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On their side of the border, the Chinese have bent their efforts to tightening security controls. They have set up a number of new border defense outposts manned by special security forces and established a cordon sanitaire by moving local inhabitants out of the border area. Only modest numbers of regular Chinese are stationed in the border region--roughly 34,000 in Sinkiang and about 39,000 in Manchuria.

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